

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-14-26
Baltimore, Maryland 21244-1850



Center for Medicaid and State Operations
Disabled and Elderly Health Programs Group
Division of Integrated Health Systems

February 9, 2004

Mr. Jack Quigley
MIG Project Manager
Virginia Department of Medical Assistance Services
600 E. Broad Street, Suite 1300
Richmond, Virginia 23219

Dear Mr. Quigley:

Thank you for the opportunity to review the Virginia Section 1115 “Medicaid Buy-In” Demonstration proposal to establish a limited Medicaid Buy-In program for employed persons with disabilities. The Centers for Medicare & Medicaid Services (CMS) appreciates Virginia’s anticipated goal of using the project to develop infrastructure and a program model from which to gain experience and control costs. To help us further evaluate the proposal, CMS requests that the State respond to the attached list of questions taking into account the comments in the paragraph below (see Attachment 1).

Section 1115 demonstrations are expected to test policy questions of interest and generally not for coverage of a group that can be included under the state plan. CMS, therefore, recommends working collaboratively with the State to define and implement a researchable hypothesis that reveals outcomes that may impact other states. For example, a demonstration might explore whether the provision of intensive case management services to individuals with disabilities helps them to achieve employment goals and leads to improvement in physical and/or mental health and whether those effects can be attributable to the delivery of case management services. An example of a potential experimental case management design is enclosed (see Attachment 2).

CMS looks forward to collaborating with the State as we continue to work through this proposal. Thank you for your patience and if you have any questions about this letter or the attached documents, please contact your project officer, Linda Abbott, at (410) 786-4662.

Sincerely,

/s/

Theresa A. Pratt
Director

Enclosure: List of Programmatic Questions
Prospective Case Management Model

cc: Tamara McCloy, CMS Regional Office

Attachment 1

CMS Formal Request for Additional Information on Virginia's Section 1115 "Medicaid Buy-In Program" Demonstration Proposal

General

1. What is the demonstrable hypothesis being tested? What are the outcomes to be achieved and what is/are intervention(s) to be tested?
2. Has the State contacted other buy-in states, either directly or through the technical assistance providers associated with the Medicaid Infrastructure Grants, to determine if information exists to address Virginia's specific concerns? Please provide details on the State's findings.
3. Has the State determined if the proposed demonstration will be centered in Northern Virginia? What are the boundaries of the selected region? If Northern Virginia is designated, what is the basis for limiting where participants may work given the proximity of Northern Virginia to DC and access to employment with the Federal and DC governments – What is the rationale for employment to be in a region?
4. Will the State transition to a state plan amendment Medicaid buy-in following the demonstration period? If so, please describe how this will be accomplished. If the project is centered in urban Northern Virginia, how will rural factors be considered in the evaluation process if the State transitions from a specific region to statewideness?
5. How will the project interface with already operational workforce programs such as "one stop," "Ticket to Work" Vocational Rehab, etc., to ensure cost effectiveness, control of duplication of effort and overall coordination?
6. Will the demonstration cover all disabilities and will participants be selected on a "first-come, first served" basis for participation? If all disabilities are covered, what is the projected number of persons for each disability type and how will unique supports required by each disability type be addressed? How will the evaluation measure differences and similarities across the disability types regarding other identified measures?
7. How will DSS track whether individuals continue to remain eligible to participate in the project? How often will project representatives meet with participants to determine their employment progress and recalculate monthly buy-in premiums as earnings increase?
8. Is the State able to provide economic based data supporting earning tiers and minimum employment targets? To what degree will the State enforce the tiered income targets requiring individuals to increase his/her earnings or lose Medicaid benefits? Is there a minimum hour requirement that will be imposed?
9. What is meant by "self-employment"?

Public Process

10. Who are the members of the Advisory Committee and two subcommittees that have provided input into the proposed demonstration? What is the number of agency representatives and advocate representatives? Can a member serve on more than one committee?

Eligibility

11. How does this proposal interact with SSI benefits? Is the population to be served under the demonstration different for the SSI population already covered as a mandatory coverage group? Is the demonstration open to individuals not currently enrolled in Medicaid? Clearly define the population to be served under the demonstration.
12. Will individuals who reside outside the demonstration area, but work within the project area, be allowed to participate in the proposed demonstration?

Program Infrastructure

13. Has the State considered the following: a) a hardship determination for waiver of premiums for enrollees who cannot work continuously due to disability; b) lower premium incentives for enrollees who increase their earnings within the allotted timeframe?
14. Will the State offer employer training to address confidentiality requirements and provide education on the unique needs of persons with disabilities?
15. What is the process for staff training to ensure standardization of the interview process? How will employee training needs be met and are there linkages with State supporting vocational rehabilitation programs?
16. Who is responsible for making the determination that a participant has reached his/her maximum employment potential due to a medical condition and what factors would be considered in making that determination?
17. How will the project address language needs of non-English speaking enrollees?

Benefits

18. The State projects that 6% of the waiver population will use personal assistance services (PAS) based on the same methodology for determining PAS as it is used in its HCBS waivers. What is the amount of PAS required by people who are under the HCBS waivers and competitively employed?

Data Collection

19. Please provide an explanation of how Virginia will use administrative data sources and meet the data reporting requirements of buy-in states with MIGs.
20. Has the State analyzed employment opportunities in the proposed demonstration area and the availability of health care benefits for the targeted population? Please describe the employment opportunities for people with disabilities.

Quality

21. What is the process that participants may use to inform case managers of complaints beyond the semi-annual interview to ensure early intervention in helping persons maintain employment?
22. What quality and performance measures will be used to evaluate the project (formal evaluation activities and QA and QI projects)?

Provider Payment

23. How are case management services paid for? Who will pay for additional disability determinations for prospective participants without documentation of SSA disability?

Cost Sharing

24. How will monthly premiums be funded if after six months of unemployment, the participant cannot find employment or if the enrollee's health prevents the individual from resuming employment? Why is the designated length of time for unemployment only six months? If the case manager determines that the participant cannot resume employment, does the case manager have the flexibility to recommend reinstatement of Medicaid benefits in less than six months?

Budget Neutrality Analysis

25. Submit without waiver projections that separate and clearly identify current law vs. hypothetical populations. Submit with-waiver budget calculations that demonstrate minimally savings of \$48,000 annually.
26. Who is included in the budget projections on pages 18 and 20? Do cost projections include individuals not currently enrolled in Medicaid?
27. Given that a sliding fee is reflected, clarify why annual expenditures grow while personal assistance and premium collections remain constant over the 5-year demonstration period?
28. Does the State intend to place a cap on the amount of personal assistance services enrollees may receive in order to remain within the \$120,000 allocation?

Funding Streams

Please address the funding questions below as they pertain to personal assistance services and case management under the proposed demonstration.

29. Section 1903(a)(1) provides that Federal matching funds are only available for expenditures made by states for services under the approved State Plan. To ensure that program dollars are used only to pay for Medicaid services, we are asking the State to confirm to CMS that providers in the Medicaid Buy-In Demonstration would retain 100 percent of the payments. Would the State, through the Medicaid Buy-In Demonstration, participate in activities such as intergovernmental transfers or certified public expenditure payments, including the Federal and State share; or, would any portion of any payment returned to the State, local governmental entity, or any other intermediary organization? If the Medicaid Buy-In Demonstration would be required to return any portion of any payment, please provide a full description of the repayment process. Include in your response a full description of the methodology for the return of any of the payments, a complete

listing of the amount or percentage of payments that are returned and the disposition and use of the funds once they are returned to the State (i.e., general fund, medical services account, etc.)

30. Section 1902(a)(2) provides that the lack of adequate funds from local sources will not result in lowering the amount, duration, scope, or quality of care and services available under the plan. Please describe how the state's share of the Medicaid payment for Medicaid Buy-In Demonstration would be funded. Please describe whether the state's share would be from appropriations from the legislature, through intergovernmental transfer agreements (IGTs), certified public expenditures (CPEs), provider taxes, or any other mechanism used by the state to provide state share. Please provide an estimate of total expenditures and State share amounts for the Medicaid payment. If any of the state share would be provided through the use of local funds using IGTs or CPEs, please fully describe the matching arrangement. If CPEs are used, please describe how the state verifies that the expenditures being certified are eligible for Federal matching funds in accordance with 42 CFR 433.51(b).
31. Section 1902(a)(30) requires that payments for services be consistent with efficiency, economy, and quality of care. Section 1903(a)(1) provides for Federal financial participation to States for expenditures for services under an approved State plan. If supplemental or enhanced payments would be made, please provide the total amount for each type of supplemental or enhanced payment made to the Medicaid Buy-In Demonstration.
32. Would any public provider receive payments (normal per diem, DRG, fee schedule, global, supplemental, enhanced, other) that in the aggregate exceed its reasonable costs of providing services? If payments exceed the cost of services, does the State recoup the excess and return the Federal share of the excess to CMS on the quarterly expenditure report?

Attachment 2

POTENTIAL EXPERIMENTAL CASE MANAGEMENT DESIGN

Hypothesis

Evaluate whether provision case management services to individuals with disabilities enables them to become employed or increase earnings. Also, examine if employed persons with disabilities that receive case management services achieve improved health status and quality of life.

Evaluation Design

Determine whether the demonstration assists disabled individuals in achieving employment goals and leads to improvement in physical and/or mental health and whether those effects can be attributable to the delivery of case management services. The project may incorporate an evaluation design that uses:

- A treatment group – individuals who participate in the project and receive case management services;
- A control group – individuals identical to those in the treatment group, selected from the same population as the program participants, but do not receive case management services;
- A comparison group – individuals that are not employed and do not receive case management services; and
- A second optional comparison group – individuals who receive case management services but are outside the catchment area and therefore do not receive buy-in services.

Analysis

Compare the outcomes for the people enrolled in the demonstration to the outcomes of the control and comparison populations.